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SUBJECT: ECONOMIC TOPICS IN SOMOZA PRESS CONFERENCE

REF: MANAGUA 1672

SUMMARY: SOMOZA SPOKE ON THREE ECONOMIC TOPICS IN HIS
APRIL 8 PRESS CONFERENCE: THE RECONSTRUCTION OF THE OLD MANAGUA
CORE, CREDIT POLICIES, AND THE STATE OF THE ECONOMY. END
SUMMARY.

1. THE ANNOUNCEMENT THAT THE GON HAD REACHED BASIC DECISIONS
ON PLANS AND POLICIES ON RECONSTRUCTION OF THE OLD MANAGUA
CORE -- NOW IDENTIFIED AS INTEGRAL PLANNING AREA-NORTH (API-NL AA
AND THAT NECESSARY PUBLIC WORKS WILL SOON BEGIN, WAS THE CENTER-
PIECE OF SOMOZA'S PRESS STATEMENT. HE SAID THAT CLEARANCE AND
NEEDED GEOLOGICAL STUDIES HAD NOW BEEN COMPLETED WHICH PERMITS
THIS SECOND PHASE OF MANAGUA RECONSTRUCTION TO BEGIN AND HE OUT-
LINED TWELVE DECISIONS THAT HAD BEEN TAKEN. LANDOWNERS CAN NOW
SUBMIT CONSTRUCTION PLANS. LAND NEEDED FOR PUBLIC PURPOSES
INCLUDING FAULT ZONES WHICH WILL BE GREEN AREAS OR USED FOR
RECREATION AND PARKING, WILL BE PURCHASED THROUGH BONDS OR CASH.
PRIORITY WILL BE GIVEN TO FIVE "TAKE OF NUCLEI" INCLUDING A

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FINANCIAL CENTER.

2. THE EXISTING COMPLICATED RANGE OF INTEREST RATES AND COMMISSIONS ON COMMERCIAL BANK LONAS WILL BE REPLACED BY A SIMPLE 13 PERCENT MIXIMUM FOR SHORT-TERM LOANS AND 14 PERCENT FOR LONG-TERM LOANS WITH COMMISSIONS PROHIBITED.

3. CITING STATISTICS SHOWING INCREASES AT THE END OF FEBRUARY IN GROSS AND NET FOREIGN REVENUES AND TAX COLLECTIONS, THE PRESIDENT SAID THAT "THIS INDICATES ECONOMIC HEALTH ON THE PART OF THE CITIZENRY AND A SIGN OF OPTIMISM FOR ALL THE ENTERPRISERS IN THE COUNTRY".

4. COMMENT: THE GOVERNMENT HAS BEEN UNDER INCREASING PRESSURE TO REVEAL ITS PLAN FOR THE RECONSTRUCTION OF THE CORE OF MANAGUA. BY POINTING TO THE NEED FOR DETAILED GEOLOGICAL STUDIES, WHICH WERE ONLY RECENTLY COMPLETED, SOMOZA GAVE A PLAUSIBLE REASON FOR THE THREE YEARS' DELAY IN REACHING THE NOW-ANNOUNCED DECISIONS. WHILE IT WILL BE SOME TIME BEFORE PRIVATE CONSTRUCTION WILL BEGIN BECAUSE OF THE LACK OF PUBLIC SERVICES AND BUREAUCRATIC PROCESSING OF BUILDING PERMITS, IT IS LIKELY THAT ONCE STARTED THE OLD CITY OF MANAGUA WILL BE GIVEN PRIORITY BY THE PRIVATE SECTOR. THERE IS SIMPLY TOO MUCH CAPITAL TIED UP IN HIGH-PRICED PROPERTY (THERE IS AN ESTIMATED 6,000 PROPERTY OWNERS IN THE AREA) FOR THE OWNERS NOT WANTING TO USE THESE NOW IDLE BUT TAXED ASSETS.

5. SOMOZA'S PERFORMANCE AT THE CONFERENCE WAS IMPRESSIVE. HE LOOKED FIT, HAVING LOST CONSIDERABLE WEIGHT, AND HANDLED QUESTIONS WITH UNUSUAL CANDOR, EIT, AND KNOWLEDGE. THEBERGE

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